

**To:** Retirees Eligible for Medicare  
**From:** Charles S. Reed, Associate Director  
State and Local Health Benefits Programs  
**CC:** All OHB  
**Date:** November 26, 2001  
**Re:** Your Medicare Plan Monthly Rates Effective January 1, 2002

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### Monthly Premiums Will Increase

Medicare-eligible retirees enrolled in the Advantage 65, Medicare Complementary (Option I), Medicare Supplemental (Option II), Drug Only and Dental/Vision plans will experience an average 6% monthly premium increase beginning January 1, 2002. However, there will be no benefit changes to any plans. All copayments and coinsurance levels will remain unchanged for 2002.

Premium increases for 2002 are comparable to those of the past two years. The following chart shows a history of Single premiums each calendar year (CY) from 2000 to your new 2002 rates:

| Monthly Rates        | CY 2000 | CY 2001 | CY 2002      | Dollar Amount Increase For 2002 | Percentage Increase For 2002 |
|----------------------|---------|---------|--------------|---------------------------------|------------------------------|
| <b>Advantage 65</b>  | \$188   | \$197   | <b>\$209</b> | \$12                            | 6.1%                         |
| <b>Drug Only</b>     | \$95    | \$100   | <b>\$106</b> | \$6                             | 6.0%                         |
| <b>Dental/Vision</b> | N/A     | \$25    | <b>\$27</b>  | \$2                             | 8.0%                         |
| <b>Option I</b>      | \$149   | \$156   | <b>\$165</b> | \$9                             | 5.7%                         |
| <b>Option II</b>     | \$225   | \$236   | <b>\$250</b> | \$14                            | 5.9%                         |

## Your Options for Making Changes

1. **To keep your current plan...do nothing!** Your new monthly premium will automatically be deducted or collected in the usual manner.
2. **To change plans...** complete the enclosed State Health Benefits Program Enrollment/Waiver Form for Retirees and send it to the appropriate location shown on the front of the form. Your form must be received by December 20 for an effective coverage date of January 1, 2002.
3. **To find out more about a federal Medicare Managed Care HMO Plan...**contact your local Social Security office or visit the Medicare Web site on the Internet at <http://www.medicare.gov>.
  - The Commonwealth of Virginia considers federal Medicare Managed Care HMOs as part of the state's authorized plans. If you decide that the Medicare Managed Care Plan does not meet your needs, **you may return** to the state plan you had before you left (except for Option I and Option II). If you were enrolled in Option I or Option II, Advantage 65 is the only plan available with comparable benefits. Complete an Enrollment/Waiver Form and Disenrollment Form within 31 days of joining the Medicare Managed Care Plan to waive your state plan coverage. You must re-enroll in the state plan within 31 days of leaving the Medicare Managed Care Plan. A break in coverage will result in the loss of your right to return to the state plan.
  - If you choose a federal Medicare Managed Care Plan, contact that plan directly to enroll. Remember to **disenroll** from your state plan by completing a Disenroll From State Retiree Plan Form available on the DHRM Web site or from your Benefits Administrator. See important billing information on the form.
2. **To investigate a Medigap plan...**contact private health insurance companies in Virginia who offer these plans.
  - Medigap plans are standard, supplemental insurance plans offered as individual policies and specially designed to fill the gaps in Medicare Part A and B coverage.
  - Remember that if you leave the state plan to choose a Medigap plan, **you may not return** to the Retiree Health Benefits Program. Contact the selected health plan directly to enroll, and complete the "Waive or Cancel" portion of the Retiree Enrollment/Waiver Form.

## New Rule On Increasing Membership Level

Effective on January 1, Medicare-eligible retirees may no longer add dependents unless they experience a qualifying mid-year event. These events are listed in the enclosed Retiree Enrollment/Waiver Form. Retiree plan members may decrease membership without a qualifying mid-year event. Please consult the Eligibility section of your Member Handbook for more information about making changes to your membership level.

This rule is consistent with limitations placed on both non-Medicare retirees and active employees, and it prevents the possibility of dependents participating in the plan only when they anticipate incurring claims. Adopting this rule helps to control premium levels for all plan members.

There will be a transition period ending on December 31, 2001, during which Medicare-eligible retirees may continue to enroll eligible dependents without a qualifying mid-year event. However, after that time, the new requirements will be strictly enforced. Submitting your Enrollment/Waiver Form well before that date will ensure that coverage begins the first of the month following receipt of the form.

### **Medicare Plan Amendments**

If you are enrolled in the Option I, Option II, Dental/Vision or Drug Only plans, a Member Handbook Amendment is enclosed with this mailing specific to your individual plan. Please place this important information with your plan Member Handbook.

### **Resources for Retirees**

Materials are enclosed to help you understand your health benefits, including a Medicare Plan Options brochure to compare state Medicare plans, our new *Open Forum* retiree newsletter and a special brochure which addresses some myths about prescription drugs and the mail service pharmacy.

These materials, your new State premiums, and other health benefits information for retirees may be found on the Internet at the Department of Human Resource Management's (DHRM) Web site: <http://www.dhrm.state.va.us/hbenefit.htm>. Of special interest are the **Retiree Fact Sheets**, which are reference tools by subject covering a number of topics of interest to retirees. These fact sheets update information formerly provided in the Retiree SourceBook. If you do not have a computer or access to the Internet, visit your local public library or community college. You may be pleasantly surprised by the experience! However, if you do not wish to use the Internet, you may contact the location listed on the Retiree Enrollment/Waiver Form to obtain copies of these materials.

### **EmployeeDirect Available on the Web**

EmployeeDirect, the Commonwealth's new health benefits enrollment and information system, is now available to all retirees. The system currently has an Internet component. If you are interested in receiving a personal, confidential passcode to use EmployeeDirect, you may access the Internet system at the DHRM Web address above, and click on the EmployeeDirect tab. Click on "Don't Know My Passcode" and a passcode brochure will be sent to your home address by U.S. Mail within seven days. More features will be available in 2002.

## **Mail Service Pharmacy Safety**

In light of recent events concerning the safety of the U.S. mail, you can be assured that the highest priority of the Commonwealth's mail service pharmacy, administered by Merck-Medco Rx Services, is the safety of medicines provided to you. Merck-Medco's Home Delivery Pharmacy Service has rigorous security procedures in place at all of their home delivery/mail service pharmacies. There is no reason to believe that shipments you receive from Merck-Medco are any different than shipments from other companies. You should treat your home delivery packages with the same caution as you do all mail. You can find key information on the Web at [www.merckmedco.com](http://www.merckmedco.com). You do not have to be a registered user of the Web site. You can also find answers to your questions by calling Merck-Medco's toll-free customer service number at 1-800-355-8279.

## **Enclosures:**

Retiree Monthly Premiums  
Medicare Plan Options brochure  
State Health Benefits Program Enrollment/Waiver Form for Retirees  
Prescription Drug Flyer  
*Open Forum* retiree newsletter  
Amendment to Your Member Handbook (not for Advantage 65 Plan)